

MILLBROOK-ROLLAND TOWNSHIP FIRE DEPARTMENT  
COUNTIES OF MECOSTA AND ISABELLA, MICHIGAN

REPORT ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2008

# Auditing Procedures Report V1.04

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Issued under Public Act 2 of 1968, as amended.

Unit Name	Millbrook-Rolland Township Fire Department	County	ISABELLA	Type	OTHER	MuniCode	
Opinion Date-Use Calendar	July 19, 2008	Audit Submitted-Use Calendar	July 21, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

**Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".**

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
	<input type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text" value="\$100,016"/>
General Fund Expenditure:	<input type="text" value="\$61,903"/>
Major Fund Deficit Amount:	<input type="text"/>

General Fund Balance:	<input type="text" value="\$260,694"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Barry	Last Name	Gaudette	Ten Digit License Number	1101011050				
CPA Street Address	3994 Sherwood Forest Drive	City	Traverse City	State	MI	Zip Code	49686	Telephone	938-2376
CPA Firm Name	Barry E. Gaudette, CPA, PC	Unit's Street Address	731 S. Garfield Avenue	City	Traverse City	LU Zip	49686		

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## FINANCIAL SECTION

## INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors  
Millbrook-Rolland Township Fire Department  
Mecosta and Isabella Counties, Michigan

I have audited the accompanying financial statements of the governmental activities of the Millbrook-Rolland Township Fire Department, Michigan, as of and for the year ended March 31, 2008, which comprise the Fire Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Millbrook-Rolland Township Fire Department's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note I, the financial statements present only the Millbrook-Rolland Township Fire Department Fund (a special revenue fund) and is not intended to present fairly the financial position and results of operations of any of the participating municipality's, in conformity with accounting principles generally accepted in the United States of America.

Since it was not practical to extend my auditing procedures into the prior unaudited year, I am unable to express an opinion on the consistency of application of accounting principles with the preceding year.

Millbrook-Rolland Township Fire Department  
Independent Auditors' Report  
Page Two

In my opinion, except for the effects on the financial statements of the omissions described in the preceding paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Millbrook-Rolland Township Fire Department, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Millbrook-Rolland Township Fire Department has not presented a management and discussion and analysis that the Governmental Accounting Standards Board has determined necessary to supplement, although not required to be part of, the basic financial statements.

*Barry E. Tardiff, CPA*

July 19, 2008

## BASIC FINANCIAL STATEMENTS

**Millbrook-Rolland Township Fire Department**  
**Statement of Net Assets**  
**March 31, 2008**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 167,073
Prepaid insurance	7,267
Investments	86,826
Capital assets (net of accumulated depreciation):	
Land	10,000
Buildings	3,775
Fire trucks, pumpers, and trailers	69,527
Minor equipment	<u>26,110</u>
Total Assets	<u>370,578</u>
 <b>LIABILITIES</b>	
Accounts payable	<u>472</u>
Total liabilities	<u>472</u>
 <b>NET ASSETS</b>	
Unrestricted	<u>370,106</u>
Total net assets	<u><u>\$ 370,106</u></u>

See notes to financial statements

**Millbrook-Rolland Township Fire Department**  
**Government-Wide**  
**Statement of Activities**  
**For The Year Ended March 31, 2008**

Programs	Program Revenues			
	<u>Expenses</u>	<u>Fees, Charges for Services</u>	<u>Operating Grants and Contrib.'s</u>	<u>Capital Grants and Contrib.'s</u>
Governmental activities:				
Public safety	\$ 44,631	\$ 15,200	\$ 68,619	\$
Other:				
Depreciation	<u>48,094</u>	<u>          </u>	<u>          </u>	<u>          </u>
Total governmental activities	<u>\$ 92,725</u>	<u>\$ 15,200</u>	<u>\$ 68,619</u>	<u>\$</u>

**General revenues:**

Interest  
 Rents  
 Donations  
 Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

See notes to financial statements

Net (Expenses)  
Revenues and  
Changes in  
Net Assets

\$ 39,188

( 48,094)

( 8,906)

13,783

1,200

1,000

214

16,197

7,291

362,815

\$ 370,106

**Millbrook-Rolland Township Fire Department**  
**Balance Sheet**  
**Governmental Funds**  
**March 31, 2008**

	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 167,073	\$ 167,073
Prepaid insurance	7,267	7,267
Investments	<u>86,826</u>	<u>86,826</u>
Total Assets	<u>\$ 261,166</u>	<u>\$ 261,166</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 472	\$ 472
Fund balances:		
Unreserved	<u>260,694</u>	<u>260,694</u>
Total Liabilities and Fund Balances	<u>\$ 261,166</u>	<u>\$ 261,166</u>

See notes to financial statements

**Millbrook-Rolland Township Fire Department  
Reconciliation of the Governmental Funds  
Balance Sheet  
With the Statement of Net Assets  
March 31, 2008**

Amounts reported for governmental activities in the  
statement of net assets are different because:

Total Fund Balance - Governmental Funds	\$ 260,694
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Capital assets used in governmental activities  
are not financial resources and therefore are  
not reported as assets in governmental funds:

Cost of capital assets	475,653
Accumulated depreciation	<u>( 366,241)</u>

Total Net Assets - Governmental Activities	<u>\$ 370,106</u>
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See notes to financial statements

**Millbrook-Rolland Township Fire Department**  
**Statement of Revenues, Expenditures, and Changes**  
**In Fund Balance**  
**Governmental Funds**  
**For The Year Ended March 31, 2008**

	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>		
Local sources:		
Township contributions	\$ 62,351	\$ 62,351
County of Mecosta	6,268	6,268
Charges for services	15,200	15,200
Interest	13,783	13,783
Rents	1,200	1,200
Other:		
Miscellaneous	214	214
Contributions	<u>1,000</u>	<u>1,000</u>
Total revenues	<u>100,016</u>	<u>100,016</u>
<b>EXPENDITURES</b>		
Current:		
Public safety:		
Firefighter salaries	12,805	12,805
Radio maintenance	11,328	11,328
Insurance-building & vehicle	11,315	11,315
Minor equipment	7,029	7,029
Vehicle fuel, parts & repairs	6,729	6,729
Gas & electric	4,383	4,383
Board members salaries	1,675	1,675
Building maintenance	1,553	1,553
Telephone & cellular	1,145	1,145
Social security	1,109	1,109
Office & miscellaneous supplies	933	933
Medical supplies	728	728
Professional fees	622	622
Training	252	252
Fire department dues	200	200
Mileage & meals	68	68
Capital outlay	<u>29</u>	<u>29</u>
Total expenditures	<u>61,903</u>	<u>61,903</u>
Net changes in fund balances	38,113	38,113
Fund balances-beginning	<u>222,581</u>	<u>222,581</u>
Fund balances-ending	<u>\$ 260,694</u>	<u>\$ 260,694</u>

See notes to financial statements

**Millbrook-Rolland Township Fire Department  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balance of Governmental Funds  
To the Statement of Activities  
For the Year Ended March 31, 2008**

Amounts reported for governmental activities in the statement of activities are different because:

Total net change in fund balances - governmental funds	\$ 38,113
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

The amount by which capital outlays exceeded depreciation in the period.

Capital outlays	\$ 17,272	
Depreciation expense	( 48,094)	( 30,822)
Change in net assets of governmental activities	<u>\$ 7,291</u>	

See notes to financial statements

**Millbrook-Rolland Township Fire Department**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**-Budget and Actual**  
**For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<b>REVENUES</b>				
Local sources	\$ 63,200	\$ 63,200	\$ 68,619	\$ 5,419
Charges for services			15,200	15,200
Interest			13,783	13,783
Rents	1,200	1,200	1,200	
Other:				
Miscellaneous			214	214
Contributions			1,000	1,000
Total revenues	<u>64,400</u>	<u>64,400</u>	<u>100,016</u>	<u>35,616</u>
<b>EXPENDITURES</b>				
Public safety:				
Firefighter salaries	8,000	12,805	12,805	
Radio maintenance	500	11,328	11,328	
Insurance-bldg & veh	12,000	11,192	11,315	( 123)
Minor equipment	7,000	7,029	7,029	
Vehicle maintenance	5,000	8,054	6,729	1,325
Gas & electric	2,500	4,383	4,383	
Board members salaries	1,500	1,675	1,675	
Building maintenance	1,800	1,833	1,553	280
Telephone & cellular	1,200	1,222	1,145	77
Social security	1,800	1,108	1,109	( 1)
Office & misc supplies	400	1,035	933	102
Medical supplies	1,500	728	728	
Professional fees	300	622	622	
Training	700	252	252	
Fire dept. dues	350	200	200	
Mileage & meals	200	68	68	
Medical tests & shots	400			
Capital outlay	2,000		29	( 29)
Total expenditures	<u>47,150</u>	<u>63,534</u>	<u>61,903</u>	<u>1,631</u>
Net change in fund balances	17,250	866	38,113	37,247
Fund balances-beg.	<u>17,250</u>	<u>1,188</u>	<u>222,581</u>	<u>221,393</u>
Fund balances-ending	<u>\$ 35,500</u>	<u>\$ 2,054</u>	<u>\$260,694</u>	<u>\$ 258,640</u>

See notes to financial statements

**Millbrook-Rolland Township Fire Department**  
**Notes to Financial Statements**  
**March 31, 2008**

**I. Summary of significant accounting policies**

The financial statements of the Millbrook-Rolland Township Fire Department (the Fire District) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fire Department's accounting policies are described below.

**A. Reporting entity**

The Townships of Millbrook and Rolland have formed a volunteer fire department. It was established for the purpose of furnishing fire protection throughout the Townships of Millbrook and Rolland, and they have also contracted with the Township of Broomfield for their fire protection.

The Fire Department's administrative board consists of five members who are appointed by the Townships. This board also appoints a fire chief.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Fire District. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Township has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from the goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

## **I. Summary of significant accounting policies (Continued)**

### **B. Government-wide and fund financial statements (Continued)**

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Fire Department has no responsibility for any fiduciary funds. Major individual governmental funds are reported as separate columns in the financial statements.

### **C. Measurement focus, basis of accounting and basis of presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Fire District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when a payment is due.

Property taxes, interest and charges for services are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the Fire Department and are recognized as revenue at that time.

The Fire Department reports the following major governmental funds:

The *special revenue fund* is the Fire Department's primary operating fund. It accounts for all financial resources of the Fire Department.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

## **I. Summary of significant accounting policies (Continued)**

### **C. Measurement focus, basis of accounting and basis of presentation (Continued)**

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

### **D. Assets, liabilities and net assets**

#### **1. Deposits and investments**

The Fire Department's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Fire Department to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which maturity not more than 270 days after the date of purchase. The Fire Department is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

The Board of Directors has designated one bank for the deposit of Fire Department funds.

#### **2. Capital assets**

Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the Fire Department as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded as historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

## **I. Summary of significant accounting policies (Continued)**

### **D. Assets, liabilities and net assets**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment of the Fire Department is depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Fire trucks, pumpers, trailers	10 years
Minor equipment	5 years

### **3. Compensated absences**

The Fire Department does not have a compensated absence policy.

### **4. Long-term obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statements, governmental fund types, recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The Fire Department does not have any long-term obligations as of March 31, 2008.

### **5. Fund balance**

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes or indicates that a component of assets does not constitute "available spending resources". The designated fund balances for governmental funds represent tentative plans for future use of financial resources.

## **I. Summary of significant accounting policies (Continued)**

### **D. Assets, liabilities and net assets (Continued)**

#### **6. Use of estimates**

The process of preparing general purpose financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

## **II. Stewardship, compliance and accountability**

### **A. Budgetary information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Fire Department follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Management submits to the Board of Directors a proposed budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - GAAP basis - general funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally adopted by the Board of Directors as a resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated.

## **II. Stewardship, compliance and accountability (Continued)**

### **A. Budgetary information (Continued)**

4. Management is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
5. Formal budgetary integration is employed as a management control device during the year for the special revenue fund.
6. The budget as presented, has been amended.

### **B. Excess of expenditures over appropriations**

During the year ended March 31, 2008, the Fire Department has not incurred expenditures in the public safety activity which were in excess of amounts appropriated.

## **III. Detailed notes on all funds**

### **A. Deposits and investments**

#### **Deposits**

The Fire Department's policies regarding deposits of cash are discussed in Note 1. The table presented below is designed to disclose the level of custody credit risk assumed by the Township based upon how its deposits were insured or secured with collateral at March 31, 2008. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the Fire Department (or public trust) or by its agent in its name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Fire Department's name.

Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Fire Department's name; or collateralized with no written or approved collateral agreement.

### III. Detailed notes on all funds (Continued)

#### A. Deposits and investments (Continued)

##### Deposits (Continued)

	Total Bank Balance	<u>Custody Credit Risk</u>			Total Carrying Value
		<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	
Demand deposits	\$ 15,244	\$ 15,244	\$	\$	\$ 13,833
Money market	<u>153,212</u>	<u>100,000</u>	<u>53,212</u>		<u>153,212</u>
	<u>\$168,456</u>	<u>\$115,244</u>	<u>\$ 53,212</u>	<u>\$</u>	<u>\$167,045</u>

##### Investments

The Fire Department's policies and applicable laws regarding investments are discussed in Note 1(d) and 2(b). The table presented below is designed to disclose the level of market risk and custody credit risk assumed by the Fire Department (or public trust) based upon whether the investments are insured or registered and upon who holds the security at March 31, 2008. The categories of credit risk are defined as follows:

Category 1 - Insured or registered with securities held by the Fire Department or its agent in the Fire Department's name.

Category 2 - Uninsured and unregistered with securities held by counterparty's trust department or agent in the Fire Department's name.

Category 3 - Uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the Fire Department's name.

	<u>Custody Credit Risk</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>		
Certificates of deposits	<u>\$</u>	<u>\$ 86,826</u>	<u>\$</u>	<u>\$ 86,826</u>	<u>\$86,826</u>

### III. Detailed notes on all funds (Continued)

#### A. Deposits and investments (Continued)

A reconciliation of cash as shown on the statements of net assets follows:

Carrying amount of deposits	\$ 167,045
Petty cash	28
Investments	<u>86,826</u>

Total	<u>\$ 253,899</u>
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Cash and cash equivalents:

Special revenue fund	\$ 255,310
Checks written in excess of deposits	<u>( 1,411)</u>

Total	<u>\$ 253,899</u>
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#### B. Capital assets

Capital asset activity for the year ended March 31, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases (Decreases)</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>			
Capital assets, not being depreciated	<u>\$ 10,000</u>	<u>\$</u>	<u>\$ 10,000</u>
Capital assets being depreciated:			
Buildings	4,791		4,791
Fire trucks, pumpers trailers	347,631		347,631
Minor equipment	<u>95,959</u>	<u>17,272</u>	<u>113,231</u>
Total capital assets being depreciated	<u>448,381</u>	<u>17,272</u>	<u>465,653</u>
Less accumulated depreciation for:			
Buildings	( 780)	( 236)	( 1,016)
Fire trucks, pumpers, trailers	( 243,341)	( 34,763)	( 278,104)
Minor equipment	<u>( 74,026)</u>	<u>( 13,095)</u>	<u>( 87,121)</u>
Total accumulated depreciation	<u>( 318,147)</u>	<u>( 48,094)</u>	<u>( 366,241)</u>

### III. Detailed notes on all funds (Continued)

#### B. Capital assets (Continued)

	<u>Beginning Balance</u>	<u>Increases (Decreases)</u>	<u>Ending Balance</u>
Total capital assets, being depreciated, net	<u>130,234</u>	<u>( 30,822)</u>	<u>99,412</u>
Governmental activities capital assets-net of depreciation	<u>\$ 140,234</u>	<u>\$ ( 30,822)</u>	<u>\$ 109,412</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
Public safety	<u>\$ 48,094</u>
Total depreciation expense- governmental activities	<u>\$ 48,094</u>

### IV. Other information

#### A. Risk management

The Fire Department is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers compensation). The Fire Department has purchased commercial insurance for these types of claims. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

#### B. Pension Plan

The Fire Department does not provide a pension plan for its employees.

## COMMENTS AND RECOMMENDATIONS

Members of the Board of Directors  
Millbrook-Rolland Township Fire Department  
Mecosta and Isabella Counties, Michigan

My examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

It was not necessary to make any comments or recommendations.

This letter supplements the information in the Financial Statements and Notes to Financial Statements. It is intended solely for the use of management, the Board of Directors, and the Michigan Department of Treasury and should not be used for any other purpose.

*Barry E. Gaudette, CPA, P.C.*

July 19, 2008